

Message Text

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ACTION SS-25

INFO OCT-01 ISO-00 SSO-00 /026 W
----- 128507

R 160730Z OCT 75

FM AMEMBASSY PRAGUE

TO SECSTATE WASHDC 9018

LIMITED OFFICIAL USE SECTION 1 OF 2 PRAGUE 2660

EXDIS

E.O. 11652: N/A

TAGS: PFOR, CZ, EINV, EEWT

SUBJECT: VISIT OF REPRESENTATIVE VANIK

1. SUMMARY. REPRESENTATIVE CHARLES A. VANIK OF OHIO VISITED CZECHOSLOVAKIA OCT. 10-14, ACCOMPANIED BY HIS WIFE AND DAUGHTER. IN PRAGUE HE MET WITH FOREIGN MINISTER CHNOUPEK, DEPUTY MINISTER OF FOREIGN TRADE JAKUBEC, DEPUTY CHAIRMAN OF THE HOUSE OF PEOPLE FRANTISEK EXNER, PRESIDENT OF THE CHAMBER OF COMMERCE CERNY, DEPUTY FOREIGN MINISTER SPACIL, AND OTHERS. HE HELD A PRESS CONFERENCE OCT. 14 IN WHICH HE EXPRESSED OPTIMISM THAT THE PROCESS OF DETENTE WOULD CONTINUE AND THAT US-CZECHOSLOVAK RELATIONS WOULD OVERCOME PRESENT OBSTACLES SUCH AS THE STALLED CLAIMS AGREEMENT. IN HIS TALKS WITHH OFFICIALS, AND PARTICULARLY WITH CHNOUPEK, REP. VANIK SPOKE VERY FRANKLY ABOUT THE PROBLEMS AND PROSPECTS INVOLVED IN GETTING THE CLAIMS AGREEMENT BACK ON TRACK. BECAUSE OF HIS INITIATION OF THIS FRANK EXCHANGE, AND BECAUSE OF THE GENERAL ASSURANCE HE WAS ABLE TO GIVE ABOUT THE CONGRESS' INTEREST IN BETTER BILATERAL REALATIONS, THE EMBASSY CONSIDERS HIS VISIT TO HAVE BEEN VAULABLE. END SUMMARY.

2. ALTHOUGH EMBASSY OFFICERS COULD NOT AGREE WITH SOME OF THE THINGS REP. VANIK SAID TO CSSR OFFICIALS ABOUT CONDITIONS IN THE UNITED STATES, THEY FELT THAT
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HIS FRANKNESS WAS IMPRESSIVE, AND HIS OBVIOUS AFFECTION FOR

THE LAND OF HIS FOREFATHERS WAS OF COURSE WELL RECEIVED. IN ALL HIS TALKS, WITH OFFICIALS AND WITH THE PRESS, HHE EXPRESSED HIS OPINION THAT "ONCE THE CLAIMS MATTER WAS SETTLED," GETTING THE CONGRESS TO APPROVE MFN FOR CZECHOSLOVAKIA WOULD BE A SIMPLE MATTER. WHILE IN HIS PRIVATE TALKS HE ACKNOWLEDGED THAT CHANGING SENATOR LONG'S MIND ABOUT THE CLAIMS AGREEMENT WAS A CHALLENGE, AT HIS PRESS CONFERENCE HE SHOWED GREAT OPTIMISM AND SAID POSSIBLY BOTH CLAIMS AND MFN COULD BE ACHIEVED BY NEXT SPRING, E.E. BEFORE THE ELECTION CAMPAIGN. (THE CZECHOSLOVAK PRESS NAURALLY PICKED UP THIS LINE, AND ALSO HIS STATEMENT THAT THE BALL ON CLAIMS WAS IN THE US COURT.) REP. VANIK CONSULTED IN ADVANCE WITH EMBASSY OFFICIALS, AND INVITED CHARGE TO ACCOMPANY HIM FOR TALK WITH FONMIN CHNOUPEK AND ECONOMIC-COMMERCIAL SECTION CHIEF FARRAND FOR OTHER OFFICIAL TALKS, BUT OF COURSE THE SPECIFIC POSITIONS THAT HE TOOK WITH OFFICIALS AND WITH THE PRESS WERE HIS OWN.

3. MUCH OF REP. VANIK'S DISCUSSION WITH FONMIN CHNOUPEK WAS REPEATED IN TALKS WITH OTHHR OFFICIALS (MEMCONS WILL FOLLOW ON ALL), BUT IT WILL BE EMPHASIZED IN THIS MESSAGE SINCE IT WAS HIGHEST LEVEL AND BORE FRANKLY ON THE CLAIMS ISSUES. IN THIS CONVERSATION, WHICH TOOK PLACE ON OCT. 13 AND LASTED SOME 75 MINUTES, REP. VANIK STATED HIS PERSONAL DISSAPPOINTMENT AT THE BLOCK TO THE CLAIMS AGREEMENT AND SAID HE FELT MOST CONGRESSMEN AND SENATORS SHARED THIS DISAPPOINTMENT, AS DID THE EXECUTIVE AND MOST OF THE US PUBLIC. CHNOUPEK EXPRESSED HIS FAMILIAR VIEWS ON THE LONG-GRAVEL AMENDMENT, STRESSING CZECHOSLOVAK DISAPPOINTMENT BUT ALSO INTEREST IN GETTING AROUND THIS OBSTACLE AS SOON AS POSSIBLE. CHNOUPEK SAID THE VITAL THING FOR HIM WAS TO HAVE A FIRM US POSITION FROM WHICH TERE WOULD BE NO BACKING DOWN: E.E. THAT CONGRESS AND THE EXECUTIVE HAD TO BE IN AGREEMENT ON TERMS, IF HE WAS TO GET HIS LEADERSHIP TO APPROVE AN AGREEMENT. REP. VANIK SAID HE SAW THREE NECESSARY STEPS: (A) TO EXPLORE THE SITUATION WITH SEN. LONG. (B) TO GET BUSINESS INTERESTS TO HELP PERSUADE LIMITED OFFICIAL USE

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SEN. LONG (AND SEN. GRAVEL AND PERHAPS A FEW OTHERS) OF THE ADVISABILITY F GOING AHEAD ON THE CLAIMS AGREEMENT. (C) AFTER A FRIM US POSITION WAS ARRIVED AT, FOR THE CSSR TO BE PREPARED TO MODIFY ITS POSITION A BIT IN ORDER TO SHOW THAT A "BETTER" AGREEMENT HAD BEEN REACHED.

4. ON THHE LAST POINT, OBVIOUSLY THE SENSITIVE ONE,

CHNOUPEK SAID HE WOULD SAY FRANKLY THAT THE DOORS WERE NOT CLOSED TO AN AGREEMENT. HE HAD TO HAVE A FIRM POSITION FROM THE US SIDE. HE COULD NOT SAY IN ADVANCE WHAT THE CSSR REPLY WOULD BE, FOR THE REPLY DEPENDED ON WHAT THE US CAME FORWARD WITH. ON THE BASIS OF MANY TALKS WITH GOVERNMENT AND PARTY LEADERS, HE THOUGHT THAT IF THE US POSITION DID NOT CONFLICT WITH CZECHOSLOVAK PRINCIPLES, THE AGREEMENT COULD BE REACHED. BUT HE ADDED THAT SEN. LONG'S DEMAND FOR ONE HUNDRED PERCENT WAS NOT REALISTIC, ANY MORE THAN THE OLD POSITION OF THE CSSR WAS REALISTIC THAT NO PAYMENT SHOULD BE MADE. HE CONCLUDED THAT THERE WAS SINCERE INTEREST IN THE CZECHOSLOVAK SIDE ON AN AGREEMENT, AND THAT THERE WAS MUCH TO DO IN US-CSSR RELATIONS, EXPECIALLY IN THE TRADE AREA.

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EXDIS

5. THIS WAS THE HEART OF THE DISCUSSION, BUT DURING IT REP. VANIK ALSO MENTIONED THE FOLLOWING: (A) HE HAD TOLKED TO SEN. LONG ONCE ABOUT THE CLAIMS MATTER AND LONG HAD SAID THE ANSWER WAS FOR THE STATE DEPARTMENT TO LEND THE CSSR ONE HUNDRED MILLION DOLLARS WITH WHICH TO PAY OFF THE CLAIMS; THEN THEY NEED NOT WORRY ABOUT PAYING THE DEBT, SINCE FOREIGN DEBTS WERE NOT PAID USUALLY ANYWAY. (THE CZECH NOTE-TAKERS WERE TAKING THIS DOWN DUTIFULLY, BUT THE CHARGE INTERJECTED THAT THIS WAS NOT A FEASIBLE SOLUTION.) (B) SEN. LONG WAS THE ONLY REAL OBSTACLE. REP. VANIK SAID HE WAS WILLING TO TALK PERSONALLY AGAIN TO HIM AND TO EX-SEN. SMATHERS.

(C) IT OULD BE USEFUL TO FIND "SOMEONE FROM OUTSIDE" TO SERVE AS INTERMEDIARY. (D) ON ANOTHER SUBJECT, AN EXCHANGE OF LEGISLATORS BETWEEN CSSR AND US WOULD BE A GOOD IDEA.

6. 6. COMMENT. WHILE CHNOUPEK DID NOT MAKE ANY DEFINITE COMMITMENT, WHAT HE SAID ABOUT WILLINGNESS TO TALK CLAIMS TERMS FURTHER WAS THE MOST ENCOURAGING SIGN WE HAVE HAD YET IN PRAGUE ON REGNEOTIATION. HE MADE IT SOUND AS IF A REASONABLE OFFER WOULD BE FAVORABLY CONSIDERED. IN PRIVATE DISCUSSION AFTERWARD, REP. VANIK AND CHRGE TALKED ABOUT THE POSSIBILITY OF SHORTENING THE TIME PERIOD FOR PAYMENT AS ONE WAY OF APPROACHING SEN. LONG, SINCE THE GOC OFFERE TO CUT FROM TWELVE YEARS TO THREE WAS APPARETLY NEVER FORMALLY TAKEN UP DURING THE LIMITED OFFICIAL USE

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HOUSE-SENATE CONFERENCE. SINCE HE MADE A KIND OF COMMITMENT TO HIS CZECHOSLOVAK HHOSTS TO TAKE MATTER UP WITH SEN. LONG, REP. VANIK WILL QUITE POSSIBLY BE PURSUING THIS MATTER UPON HISRETURN TO WASHINGTON, SO THE DEPARTMENT MAY WISH TO BE IN COMMUNICATION WITH HHIM. REP. VANIK PERSISTED IN AN EXTREMELY POPTIMISTIC OUTLOOK, ESPECIALLY AS REGARDS THE EASE WITH WHICH HE FELT CZECHOSLOVAKIA COULD BE "CERTIFIED" UNDER THE PROVISIONS OF SECTION 402 (THE JACKSON-VANIK AMENDMENT) ONCE THE CLAIMS/GOLD QUESTIONS WERE SETTLED. WE AT THE EMBASSY TRIED TO IMPRESS UPON HIM THE MANY DIFFICULTIES WE FELT WERE INVOLVED. PERRY

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